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United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 21-80

WASHINGTON, Oct. 8--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

FRANCE has signed a new three-year agreement with CHINA, which provides for increased wheat sales to China beginning with the 1980/81 season. The agreement involves 500,000 to 700,000 tons of wheat annually for the three years, but neither side is obligated to provide or accept the quantities specified.

In February 1979, France and China signed a similar agreement allowing for Chinese purchases of up to 500,000 tons annually for three years. France, however, has not been a major source of Chinese wheat imports, providing only 79,000 tons of wheat in 1978/79 and 150,000 tons in 1979/80.

INDONESIA has canceled or is seeking to cancel nearly a quarter of a million tons of rice shipments from Thailand, Burma and the Philippines because of a bumper rice crop estimated at 19.5 million tons, milled basis, and 2.5 million tons of government-held stocks. Thailand reportedly has agreed to absorb 113,000 tons of the undelivered rice contracts with the understanding that Indonesia purchases 300,000 tons of rice during the year beginning April 1. Burma is said to have agreed to let current contracts of 58,000 tons go undelivered, providing Indonesia assists in finding alternate buyers and purchases 100,000 tons of rice from Burma next year. Indonesia is expected to use Philippine rice to repay a 1978 loan of 70,000 tons from Korea.

VENEZUELA has adopted a new grain import policy under which both imports and procurement of domestic production will be made directly by local processors. The change was made primarily to reduce the cost of the subsidization program managed by the Agricultural Merchandising Corporation, which had held a monopoly on grain and oilseed imports. Domestic consumption of coarse grains and oilseeds will continue to be subsidized through government channels, but domestic processors will purchase directly in the world market. In 1979/80, Venezuela imported nearly 900,000 tons each of wheat and coarse grains.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

NIGERIA announced on Sept. 22 that no additional rice import licenses would be issued until the National Assembly acts upon the government's budget. In addition, no import licenses will be issued in the future to private individuals or companies, but only to the Nigerian National Supply Company (a state trading company) and to cooperative societies.

ALGERIA estimates total 1980 grain production at approximately 2 million tons, compared with 1.5 million last year, according to that country's recently published production statistics. Wheat is expected to account for about 1.23 million tons, up some 23 percent from last year's 1 million tons. Durum is expected to comprise 742,000 tons of the 1980 wheat crop, compared with 644,000 tons in 1979. The outturn of barley, Algeria's second largest crop in terms of production, is gauged at 679,000 tons this season. This is 60 percent above last year's barley crop. The increase in outturn is attributed mostly to larger plantings and improved yields. Despite the anticipated increase in grain production this year, wheat and coarse grain imports totaling over 2 million tons are believed to be needed to meet Algeria's expanding consumption.

OILSEEDS & PRODUCTS

PENINSULAR MALAYSIA'S palm oil output during October 1979-July 1980 totaled 1.93 million tons, up 22 percent from the 1.58 million tons produced in the same ten months of 1978/79. According to latest available data, output during March-July climbed by 32 percent over the same three months a year earlier.

Combined exports of crude and processed palm oil during the six months ending Mar. 31, 1980, totaled 988,900 tons, up 24 percent or 190,000 tons above the same period a year ago. In January-March 1980, Peninsular Malaysia's palm oil exports at 531,000 tons were up 29 percent or 120,800 tons above the January-March 1979 volume. A substantial drawdown in stocks is indicated to have taken place during the January-March quarter as evidenced by the sharp reduction in the unexported residual. However, unofficial trade estimates indicate that stocks have increased in recent months to about a half million tons--well above those of a year ago.

Peninsular Malaysia's palm oil production for the year ending Sept. 30, 1980, is estimated at 2.37 million tons, 20 percent above 1978/79. The rate of growth in 1980/81 production is expected to slow, reflecting a smaller rate of expansion in harvested area.

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Peninsular Malaysia's quarterly production and exports of palm oil are as follows in 1,000 tons:

	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Sep</u>
1977/78:					
Production	351.5	259.9	353.3	504.4	1469.1
Exports	383.0	283.3	286.8	396.6	1349.7
Residual	-31.5	-23.4	66.5	107.8	119.4
1978/79:					
Production	522.8	441.8	442.8	566.1	1973.5
Exports	388.4	410.3	450.1	428.0	1676.8
Residual	134.4	31.5	-7.3	138.1	296.7
1979/80:					
Production	581.7	536.5	581.5	672.2	2371.9
Exports	457.8	531.1	--	--	--
Residual	123.9	5.4	--	--	--
1980/81:					
Production forecast	615	540	590	685	2,430

The above forecast indicates the possibility that Peninsular Malaysia's 1980/81 palm oil supply increase will be less than the growth rate achieved in recent years.

The annual error of production forecasts during 1969/70-1978/79 ranged between +5.6 percent and -10 percent. The greatest error occurred during 1977/78 when the lagged impact of dry weather caused the production forecast to fall 10 percent short. The average annual forecast error for the decade ending 1978/79 was 2.85 percent.

INDONESIA'S palm oil production during October 1979-June 1980 rose to 439,300 tons, up 10 percent from the 400,800 tons produced in the same nine months of 1978/79, according to the U.S. agricultural counselor in Jakarta.

Although comparable quarterly export data are not yet available, the Central Bureau of Statistics in Jakarta reported that palm oil stocks on June 30, 1980, totaled 44,276 tons, compared with 48,964 tons on the same date a year earlier. It appears that Indonesia's palm oil consumption and production have expanded significantly, while exports and stocks have declined.

The upward trend in Indonesia's palm oil unexported residual reflects growing domestic demand for vegetable oils, stagnating domestic availabilities of coconut oil, and government efforts to expand domestic consumption of palm oil.

Indonesia's quarterly palm oil production and trade data are as follows in 1,000 tons, with annual comparisons:

	Production		Exports		Residual	
	<u>Quarterly</u>	<u>Year Ending</u>	<u>Quarterly</u>	<u>Year Ending</u>	<u>Quarterly</u>	<u>Year Ending</u>
1977/78:						
Oct-Dec	139.1	498.8	125.9	404.6	13.2	94.2
Jan-Mar	87.0	494.6	94.3	436.7	-7.3	57.9
Apr-Jun	118.0	487.5	72.7	402.2	45.3	85.3
Jul-Sep	155.4	499.5	101.8	394.7	53.6	104.8
1978/79:						
Oct-Dec	153.4	513.8	143.3	412.1	10.1	101.7
Jan-Mar	112.0	538.8	72.2	390.0	39.8	148.8
Apr-Jun	135.4	556.2	55.2	372.5	80.2	183.7
Jul-Sep	182.1	582.9	130.5	401.2	51.6	181.7
1979/80:						
Oct-Dec	162.5	592.0	93.0	350.9	69.5	241.1
Jan-Mar	115.3	595.3	--	--	--	--
Apr-Jun	161.5	621.4	--	--	--	--

DAIRY, LIVESTOCK & POULTRY

The EUROPEAN COMMUNITY (EC) Commission introduced an export subsidy, effective Sept. 16, of 25 European Currency Units per 100 kilograms (approximately 16 cents per pound for Denmark) for uncooked hams and mixtures of cooked and uncooked hams and shoulders. An export subsidy of 15 ECU per 100 kilograms (approximately 10 cents per pound for Denmark) for uncooked and mixtures of cooked and uncooked pork, other than hams and shoulders, also was introduced.

A NEW ZEALAND meat processing company has announced a 30,000-ton lamb sale to Iraq for 1980/81, amounting to NZ\$70 million (about US\$69 million). This sale is more than double the quantity for the preceding year, while the price is up 10 to 15 percent.

Meanwhile, the New Zealand Meat Board has announced that Iran will buy 70,000 tons of New Zealand lamb worth NZ\$160 million or US\$157 million in the marketing year beginning Oct. 1. This represents the second year of a four-year contract in which Iran agreed to buy a minimum of 200,000 tons of New Zealand lamb. The sale will make Iran the second largest lamb customer for New Zealand after the United Kingdom.

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EC members, notably Ireland and Denmark, were authorized by the Commission to issue export licenses for the remaining balance of 3,850 tons of beef for export to the United States under the terms of the U.S./EC Multilateral Trade Negotiations Agreement. During August, applications for export licenses were received for 4,076 tons, thereby forcing the Commission to reduce the quantities applied for by individual exporters by 5.5 percent. This will bring the total for the year to 5,000 tons as specified in the MTN agreement. No further quantities are available for 1980 and applications for 909 tons received in September were rejected. Applications for January 1981 export licenses may be requested starting Dec. 16.

HORTICULTURAL AND TROPICAL PRODUCTS

CHINA'S honey industry has been expanding rapidly in recent years with the new liberalized policies introduced into the rural areas encouraging sideline activities such as beekeeping. Although domestic consumption of honey has risen, there is a growing surplus for export, which provides much needed foreign exchange.

The impressive gains in China's honey production began in 1978, but expanded markets were not found until 1979 when exports jumped to 41,000 tons, compared with 19,000 tons the preceding year. Japan and West Germany were the two major destinations in 1979, each taking over 13,000 tons. Also exports to the United States were sizable, amounting to 8,200 tons.

China now receives most favored nation status on its exports to the United States. The duty on honey imports from China is now 1 cent per pound, compared with a 3 cents per pound tariff before the trade agreement became effective on Feb. 1, 1980. Prior to 1979 the United States purchased little honey from China.

WEST GERMANY'S hop production in 1980 is officially forecast at 30,615 tons, down 600 tons from a year earlier. Although the area harvested increased in 1980, yields were reduced by extensive hail damage in Tettnang.

Region	Area in hectares		Production in tons	
	1979	1980	1979	1980
Hallertau	14,717	15,232	26,925	26,700
Spalt	764	794	1,356	1,325
Tettnang	1,093	1,133	1,672	1,275
Jura	509	583	945	1,000
Hersbruck	167	166	284	285
Other	22	21	28	30
Total	17,272	17,929	31,210	30,615

SPAIN'S first official estimate of the 1980/81 citrus crop is 2,950,000 tons, about the same as last season's good harvest. Orange production is placed 1,678,000 tons, down 3.2 percent from last season, but the tangerine crop is estimated at 903,000 tons, 4.1 percent above last season's level. Lemon output should be around 342,000 tons, a 7.6-percent increase from last year. Citrus traders report that quality and sizes are better than last season.

Spain is the world's largest exporter of fresh citrus. During the 1979/80 season, 58 percent of the country's citrus output of a little over 1.7 million tons moved into export. Of this total, 85 percent moved to EC countries.

WORLD TEA PRODUCTION (including estimates for China) in 1980 is forecast at 1.81 million tons, 2.6 percent greater than the record 1979 harvest of 1.77 million tons. Based on past performance, the chances are two out of three that this estimate of world production will not vary more than 2 percent from the actual outturn.

Drought conditions during the early months of 1980 have adversely affected production in Sri Lanka, Kenya and the USSR. However, good growing conditions have prevailed in India, with the crop there anticipated to be at a record level. Larger crops also are forecast for China, Bangladesh and Turkey.

World tea prices have been relatively stable over the past two years, reflecting the close balance between global supply and demand. However, with a record crop being harvested this year, stocks may increase and prices weaken somewhat in the coming months.

Production estimates for the principal producing countries, in thousands of tons, with 1979 data in parentheses, are as follows: India 580 (550); China 285 (277); Sri Lanka 200 (206); Japan 104 (100); USSR 110 (115); Kenya 90 (99); Turkey 110 (100); Indonesia 75 (73); and Bangladesh 42 (36).

SPAIN'S table olive production is officially forecast at 140,000 tons, a drop of 31 percent from the 1979 output. The decline is largely because of the alternate year bearing cycle of the olive trees. Also, unfavorable marketing conditions have reduced incentives to maintain and expand production.

WEST GERMANY'S first official estimate of the potato crop is 6.82 million tons, down 22 percent from last year's output. While the early potato crop was slightly larger this year, the quality reportedly was below average because of extensive rain in June and July. Quality of middle-early and late varietalities is reported to be satisfactory. A production shortfall of this size is expected to impact most heavily on the animal feed, starch and distillation sectors. The impact will be less on potatoes for fresh food use and food processing, where total consumption is 5.36 million tons.

In the USSR, potato production is currently expected to fall 20 to 25 percent below the 1980 goal of 104 million tons. Last year's crop was 91 million tons. Also the quality of the potatoes harvested this year is lower. The reasons for the reduction in quantity and quality are delays in sowing last spring, wet summer weather and the slow pace of fall harvesting. Human consumption of potatoes accounts for 30 to 35 million tons, with the remainder accounted for by livestock feed, seed and a large waste factor.

In BRAZIL, the National Monetary Council approved on Sept. 24 the abolition of the 6 percent export tax on cocoa beans. Export taxes on cocoa products were eliminated in an earlier action on July 18.

NEW RELEASE OF FOREIGN AGRICULTURE CIRCULAR

U.S. 1979/80 Cotton Exports by Customs Districts, FC 19-80

TO ORDER circulars, write: U.S. Department of Agriculture, FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

INTERNATIONAL WEATHER AND CROP SUMMARY, Sept. 29-Oct. 5

EUROPE--Favorable weather allowed fieldwork to continue unimpeded in most areas. A slow-moving front dropped light rainfall across the north during the week, but only as it approached the eastern portion of the region were higher, above-normal totals recorded. However, even in the east, rains generally remained near normal, with little impact on field work. Temperatures held near normal across the north, rose above normal on the Iberian Peninsula and dipped below normal in the southeast. The southwestern half of the Iberian Peninsula received light rain from a front early in the week, wetting soils somewhat. At the end of the week, another system was spreading moderate rainfall across the British Isles.

USSR--Above-normal rainfall continued in a pattern similar to the preceding week in European USSR, with increased amounts in parts of the south and west. Harvesting of late winter grains in the northwest and spring-sown crops across the south probably made little progress, for breaks in the weather were of relatively short duration. Muddy fields in the southern Ukraine and the North Caucasus probably interfered with winter grain sowing as well. Temperatures remained below normal, with light frost occurring in the northern Ukraine. Warmer and drier weather will be needed for completion of wheat sowing and sufficient early growth for plants to withstand the winter cold. Abundant rainfall in eastern portions of European USSR merely improved soil moisture reserves.

In the New Lands, above-normal rainfall was limited mostly to the extreme eastern and western portions, leaving generally favorable harvest weather over a broad area. Temperatures dropped below normal, with a hard freeze recorded over most of the region, but ripened grains were sufficiently dry to avoid damage.

CHINA--A band of near-normal rainfall across the southern portion of the winter wheat belt maintained soil moisture, but areas to the north received little or no moisture. Rainfall just north of Beijing stayed mostly in the mountains. The driest portion of the belt in recent weeks appears to be the northeastern coastal areas of Shandong and Hebei. Soils there are too dry for early wheat growth, but this is a minor production area. Mostly dry weather south of the Yangtze River favored late-season crops.

SOUTH ASIA--Much of northern India received no rainfall; only Bangladesh and the east saw continued widespread rains as a storm developed in the Bay of Bengal and moved off to the northeast. The dry weather favored harvesting of autumn rice, but soils were becoming too dry for sowing of winter wheat, which should begin soon. Most of the major cotton area in west-central India continued to suffer from soil moisture deficits. Wet weather continued to the south in the peninsula, benefiting late-season crops.

NORTHWESTERN AFRICA--As the winter grain sowing season approached, autumn rains increased in many areas. The rainfall, which covered portions of crop areas in Morocco, Tunisia and eastern Algeria, was the most substantial so far this season, and provided at least an indication that a normal rainfall pattern might develop.

CANADA--Scattered light showers produced less than 10 mm of rain throughout the Canadian Prairies last week. The drier, although cool, weather aided late harvest activities. The major problem has been the delay in combining swathed fields because of cold, damp weather. The quality of the late harvested grain has been reduced in some areas as a result of frost.

SOUTH AFRICA--A major portion of South Africa's maize crop is grown in the plateau region of the Transvaal and Orange Free State where the climate is dictated by a summer rainfall season. Maize is usually planted in October and early season rainfall since mid-September has provided favorable conditions for sowing and emergence. During the first week in October, however, only scattered showers fell in the region.

SOUTHEAST ASIA--Locally heavy rain produced above-average weekly totals in some northern provinces of Thailand as well as in the agriculturally productive Central Plains north of Bangkok. The heavy showers caused some rivers to overflow and some waterlogging in fields. Some crop damage has occurred from the flooding. The rains, however, were beneficial to reservoir supplies. The shower activity is typical of the late monsoon pattern.

SOUTH AMERICA--A frontal system moved across Argentina and southern Brazil dropping above-normal amounts of rain on the crop areas of Buenos Aires, Entre Rios and Santa Fe Provinces. This moisture was needed for winter wheat growth. The provinces of La Pampa and Cordoba remained dry. In Brazil, very heavy rain fell in southern Rio Grande do Sul State, but drier weather prevailed in northern portions of the wheat area. Conditions remained generally favorable for crop growth in Brazil, but additional moisture is needed in Argentina.

AUSTRALIA--Dry weather continued to plague the winter wheat areas of Queensland and New South Wales. Shower activity did occur along the southern portions of Victoria, and substantial rain fell in South Australia, benefiting the crops in those areas. The heavy rain, which produced 25 to 50 mm in the southwestern tip of West Australia, missed the major portion of the winter wheat area in that state. The winter wheat crop has advanced to the reproductive stage, and beyond to the grain formation period in some areas. Soil moisture is in very short supply in Queensland, and in most of New South Wales and West Australia.

MEXICO--The rainy season is ending prematurely over the northwestern mountains and leaving some reservoirs abnormally low. Relatively little rain has fallen in the watersheds during the past few weeks. Showers continued to dot the west coast farming area, improving soil moisture, but interfering with field operations and favoring diseases and weeds. Sunny weather benefited the harvesting of cotton in the north and citrus in the northeast. Most of the Southern Plateau's corn belt had moderate rains, however, some northern fringes continued dry. Heavy showers from Veracruz to the central Yucatan Peninsula during the past two weeks may have caused additional damage to corn, beans and rice.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Wheat:

Canadian No. 1 CWR	12.5%	1/	1/	1/	1/
U.S. No. 2 DNS/NS:	14%	214.00	5.82	+12	205.50
U.S. No. 2 DHW/HW:	13.5%	220.00	5.99	+17	209.00
U.S. No. 2 S.R.W.....		215.00	5.85	+19	194.00
U.S. No. 3 H.A.D.....		292.00	7.95	-8	264.00
Canadian No. 1 A; Durum....		1/	1/	1/	269.00

Feedgrains:

U.S. No. 3 Yellow Corn.....	164.50	4.18	+18	146.00	
U.S. No. 2 Sorghum <u>2/</u>	173.00	4.39	+15	147.50	
Feed Barley <u>3/</u>	177.00	3.85	+6	165.00	
Thailand Tapioca.....	172.70	--	-4.00	5/	--

Soybeans:

U.S. No. 2 Yellow.....	329.25	8.96	+35	285.00
Argentine 4/.....	322.00	8.76	+23	293.00
U.S. 44% Soybean Meal (M.T.)	296.00	--	+8.00 5/	247.00

EC Import Levies

Wheat 6/.....	109.65	2.98	+17	92.41
Barley.....	86.70	1.89	-1	85.12
Corn.....	109.85	2.79	+5	107.44
Sorghum.....	97.40	2.47	+7	103.48

1/ Not available. 2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley 4/ Optional delivery: Brazil

Yellow 5/ Dollars per metric ton 6/ Durum has a special levy.

NOTE: Basis Nov. delivery.

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